



PRESIDENT & CHIEF EXECUTIVE OFFICER

BRITISH COLUMBIA FERRY SERVICES INC.
SUITE 500, 1321 BLANSHARD STREET
VICTORIA, BC V8W 0B7
TEL: 250-978-1360
FAX: 250-978-1362

September 8th, 2017

Ms. Alana Gallagher

s. 22 - home address

Dear Alana:

RE: EMPLOYMENT CONTRACT – VICE PRESIDENT, FINANCE & CHIEF FINANCIAL OFFICER

This letter outlines the employment contract between British Columbia Ferry Services Inc. ("BC Ferries") and you under the following terms effective September 8th, 2017.

A. JOB DESCRIPTION

As Vice President, Finance & Chief Financial Officer you will report directly to the President and Chief Executive Officer. Your general responsibilities are summarized in the Position Description which has been provided to you.

You acknowledge that BC Ferries must make changes on a continuing basis in order to efficiently and effectively operate its business. As a result, you agree that BC Ferries may alter its methods of doing business from time to time. These changes may result in occasional changes to your job duties. Provided that these changes are not so significant as to fundamentally alter the terms of your employment, you agree that such changes may be made and that you accept them as a normal incident of your employment contract.

You also acknowledge that in performing the duties and responsibilities as Vice President, Finance & Chief Financial Officer, you will occupy a position of high fiduciary trust and confidence, and you will not act in any manner which would be detrimental to the interests of BC Ferries either during or following your employment with BC Ferries.

B. SALARY AND VARIABLE PAY

Your annual Base Salary effective July 1st, 2017, will be \$318,000, paid on a bi-weekly basis, and your annual Maximum Salary will be \$353,000.

The difference between your Base Salary and your Maximum Salary is 10 percent (\$35,000) and is a Holdback which can be earned in whole or in part each year based on the achievement of approved Company business results (50 percent) and performance of individual objectives (50 percent), negotiated annually.

It is the understanding of the parties that the term of this appointment will be until June 30th, 2019 and may be extended for six (6) to twelve (12) months by mutual agreement.

C. EMPLOYMENT POLICIES

You agree to well and faithfully serve BC Ferries and to comply with any policies, procedures, rules, regulations and job requirements that BC Ferries may establish and amend from time to time, including *BC Ferries Corporate Policies* and *Code of Business Conduct and Ethics* (the "Code"), which form part of the terms and conditions of your employment with BC Ferries. You must review them from time to time as you are required to understand and adhere to all corporate policies and the Code.

D. PRIVACY & CONFIDENTIALITY

Further to the confidentiality obligations in the Code and any BC Ferries policy or procedure in respect of confidential information, you will not use, disclose, sell, license, publish, reproduce or otherwise make available any Confidential Information of BC Ferries, its subsidiaries, customers or contractors without the express written consent of BC Ferries and any third party involved.

Confidential Information refers to any information not generally known by non-BC Ferries personnel and information which is used by and is proprietary to BC Ferries, its subsidiaries, customers or contractors.

This confidentiality obligation will continue to bind you after the termination of your employment with BC Ferries.

In addition, as a BC Ferries employee, you will handle any personal information in BC Ferries' custody and control in accordance with any requirements in the *Freedom of Information and Protection of Privacy Act*.

By accepting this offer, you agree that BC Ferries may collect, use and disclose your personal information for the purposes of administering and managing the employer-employee relationship.

E. BENEFITS

BC Ferries will continue to provide you with coverage for health and welfare benefits at no cost to you. As an Executive employee, you are also entitled to participate in the Executive Benefits Plan with an annual Health Spending Account in the amount of \$5,000.

F. PENSION

You will continue to be enrolled in the Public Service Pension Plan of B.C. (P.S.P.P). The plan is a defined benefit pension plan. The cost of participating is shared by both the Company and Executive. Copies of the pension plan documents are available for your review, as they form part of the terms and conditions of your employment with BC Ferries and are subject to amendment from time to time by the P.S.P.P.

G. ANNUAL VACATION

You will continue to be entitled to six (6) weeks Annual Vacation. Unused vacation in excess of four (4) weeks each year may be carried forward and shall be taken in time off at a future date. Any unused vacation entitlement as of your normal retirement date will be forfeited.

If your employment at BC Ferries terminates for any reason (i.e. voluntary or involuntary termination) we will pay you any earned but unused vacation entitlements related to the current year. If you have used more Annual Vacation than you have earned, you agree that the difference will be deducted from any money owing to you by BC Ferries (including wages) or otherwise recovered from you.

H. VEHICLE ALLOWANCE

You will be provided with a vehicle allowance of \$900/month plus gas.

I. EXPENSES

You will be reimbursed for any receipted business expenses in accordance with *BC Ferries Travel and Business Expenses Policy*.

J. TERMINATION PROVISIONS

If you wish to terminate your employment with us you must give us at least three (3) months' notice. BC Ferries may waive any part of such notice and if it does so then you will be excused from performing your duties during the notice period and provided with salary continuance for the remainder of such notice period.

In the event of termination for other than cause, in lieu of notice, you will be entitled to eighteen (18) months' severance pay (Maximum Salary) and benefits. The severance period shall be credited service as service under the P.S.P.P. You will also be entitled to be paid any unused vacation entitlements.

Termination for other than cause shall include circumstances where your authority and duties have changed in a manner which constitutes dismissal.

K. GENERAL

You agree that this Employment Contract constitutes the full agreement with BC Ferries which includes all of the documents included by reference in this Employment Contract.

You also agree that any and all disputes relating to this Employment Contract shall be resolved by mediation or by arbitration. The rules for the British Columbia Centre for Commercial Arbitration shall apply to any arbitration proceedings.

If any provision of this Employment Contract is declared invalid, illegal or unenforceable, such a finding will not impair the remaining provisions.

Any amendment to this Employment Contract must be in writing signed by both parties.

To confirm your acceptance of this employment contract with BC Ferries, please sign this letter and mail or deliver it to Glen Schwartz, Executive Vice President, Human Resources & Corporate Development.



s. 22 - signature

Mark Collins
President & CEO

I, Alana Gallagher, have read and understand this employment contract and attachments, and agree to continue to accept the position of Vice President, Finance & Chief Financial Officer according to the terms and conditions specified.



s. 22 - signature

Alana Gallagher

Sept 11, 2017
Date